



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

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MAR 19 1957

Honorable Porter Hardy, Jr., Chairman
International Operations Subcommittee
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

Reference is made to your letter dated March 1, 1957, relative to the audit of Central Intelligence Agency. In accordance with your request, we are furnishing the following information on our audit of this Agency.

Broad authority is vested under Section 10(b) of the Central Intelligence Agency Act of 1949 in the Director of the Agency with regard to the use of funds, which states:

"The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the Certificate of the Director and every such Certificate shall be deemed a sufficient voucher for the amount therein certified."

Funds for operations in the Agency are transferred under the provisions of Section 6 and 10(a) of the act to the Central Intelligence Agency from appropriations to various agencies in the Federal Government. The transfers are approved by the Bureau of the Budget.

Our audit of expenditures made through Central Intelligence Agency disbursing officer accounts has been made at the site since the inception of this agency in 1947. This arrangement was a continuation of that begun with the predecessor agency, the National Intelligence Authority, established in 1946. At the present time we have two auditors of our Civil Accounting and Auditing Division at the site to perform this audit. These expenditures are reviewed to the extent possible. Certain personnel in the General Accounting Office have been designated to handle specific questions that arise in the audit as they relate to their divisions and offices and the auditors consult directly with them on these questions.

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determined that
☒ CIA has no objection to declass
☐ It contains information of CIA
interest that must remain
classified at TS S O
Authority: HR 70-2

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While standard procedures are applied in making the audit to the extent appropriate, reports are not issued to anyone outside CIA and formal exceptions to expenditures made are not taken. Questionable expenditures are submitted by the Agency for review by the auditors prior to payment. Objections by the auditors to expenditures are taken up informally with officials of the CIA and generally corrective action is taken promptly. Although credit may not be withheld for payments considered by the auditors not to be proper, such overpayments are usually recoverable by other courses of action.

Accomplishments resulting from our site audit work at CIA may be summarized briefly, as follows:

1. Aided the CIA in perfecting its fiscal, accounting and auditing functions.
2. Strengthened procedures for prompt taking of discounts.
3. Assisted the Agency to revise its travel procedures to adhere strictly to the Standardized Government Travel Regulations.
4. Improved procedures for paying carriers for shipments of household effects of persons transferred.
5. Improved billing processes used in transactions between other Government agencies and the Agency.
6. Improved contracting procedures in use by the Agency.

The Agency has been responsive to our recommendations for improvement and generally has undertaken to have them placed into effect promptly.

Your request for copies of decisions, published or unpublished, will be covered in a separate letter.

We trust that the foregoing information on our audit activities in the Central Intelligence Agency meets your needs for information, but we shall be happy to discuss them further with you if you desire.

Sincerely yours,

Joseph Campbell

Comptroller General
of the United States